



## CITY OF WAUSAU COMMERCIAL REHABILITATION LOAN PROGRAM POLICY

**Purpose:** The Wausau Commercial Rehabilitation Program is a gap financing loan program designed to stimulate façade rehabilitation/redevelopment of commercial real estate within the City of Wausau.

**Type of Funding:** The program provides low interest loans to be administered by and subject to approval from the Community Development Department. Loans shall be offered as funding is available and on a first-come, first-served basis. Funds shall be maintained and monitored by the Community Development Department. The Community Development will report to the City's Economic Development Committee semi-annually on loan activity on a semi-annual basis. Reports will be due in March and September of each year. Rehabilitation projects shall obtain advisory approval for design by the Wausau Historic Landmarks Committee IF the building has historic significance (which will be determined by the Historic Landmarks Committee Chair) and comply with applicable city codes and ordinances.

**Financing Terms:** Financing assistance shall be made as loans with a 15-year amortization schedule, at 1% above the City's borrowing ability rate, payments deferred for 1 year, repayable the following 14 years. A mortgage, typically in a subordinated position behind a commercial lender, shall secure the city's interest in the property. A promissory note shall be executed by and between the City and the borrower. Final estimated value of the rehabilitated building shall support all existing debt. Borrower will also provide the City a 15-year Right of Refusal to guarantee the property will not be sold within that timeframe to a non-taxable entity. Security Financing Statements and personal guarantees are also part of the closing documents for the borrower.

Loan terms may be negotiated under special circumstances and approval by both the Community Development Department Director and Community Development Department Manager (or their assigned representation).

**Eligible Expenditures/Loan Amounts:** Funds are to be used for physical improvements primarily for exterior facades and structural components. In addition, any necessary exterior electrical, ADA required plumbing, HVAC, and other exterior upgrades such as paving, signage, or final landscaping. Fees and other project related expenses, such as architectural/engineering costs, title insurance, credit report, attorney and recording fees are considered project eligible costs. Borrower will contribute \$1,000 towards the closing costs and can be added onto the loan amount.

Borrower is required to provide at least 10% of personal funds towards the project and is allowed to work with whichever lending institution they wish. The City can provide gap financing up to a maximum of 30% of the total project costs.

**Program Boundaries:** Eligible properties include any commercial property located within the City of Wausau's corporate boundaries.

**Application Process:** Applications are reviewed on a first-come, first-served basis. A non-refundable application fee of \$100.00 must be received from the applicant before staff will process the application. Applications must include proof of property insurance (if already owned), rendering of potential renovations, bids documenting work to be completed, cost of project, and other financing mechanisms. If approved, staff will work with the primary lender and may close at the same time as the primary lender or anytime thereafter.